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MEMORANDUM FOR: Deputy Director of Policy and Evaluation

FROM :

Chief, Position Management and Compensation Division

SUBJECT : Inspector General's (IG) Report on Agency Recruitment System

1. The IG addresses some facts and statistics, and draws conclusions which relate to the area of compensation. We are interested in where the IG obtained the statistical data he uses because it does not agree in all cases with the compensation data used in PMCD. Compensation is part of PMCD's mission, therefore, we believe it would be helpful to qualify and put into perspective some of the IG's statements regarding this subject. (U)

2. In the Introduction on page V, the IG says, "The Agency also is losing much of its competitive edge in salary and benefits." For the majority of occupations, we cannot agree with this statement. The Agency has the same relative competitiveness with other Federal agencies and nothing has changed in this respect. Our comparability with private industry relative to the rest of the Federal government, also has not changed. However, we can speculate that if the predicted recession develops as severely as expected, the competitive position of the Agency (and the Federal government as a whole) could improve relative to private industry. The Bureau of Labor and Statistics (BLS) surveys private industry each year. This survey is used to form the basis for the annual salary comparability increase recommendations made each October. If this recommendation is implemented by Congress and the President, the Federal government would be "competitive" with private industry. (C)

3. In the same section of the report on pages V and VI, the IG states, "Agency salaries presently appear competitive for entry level personnel except for some scientific, technical, and clerical categories and for minority candidates." We agree with this statement for scientific and technical categories. This is not correct for clerical employees at all levels. The BLS does an annual survey of Professional, Administrative, Technical and Clerical (PATC) employees in private industry and makes comparisons with similar positions in the Federal government. With the exception of Stenographers, the average salaries for the Federal government exceeds private industry average salaries for file clerks, secretaries, and typists at all levels. (C)

4. We agree with the IG's comment on page VI and 26 which concludes, "because government pay scales do not adjust quickly or fully to inflationary pressures as do those of private industry. . . the Agency shortly will be facing significant salary disadvantages." We concur with the IG's

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recommended solution, on page 30, of "greater discretionary use of appointment grades and salaries." The Agency needs something to combat the rapid advances from GS-07 to GS-09 to GS-11 made by employees in other Federal agencies. (C)

5. The IG further comments on pages 26 and 27, "Salary disadvantages have already emerged in Agency components seeking scientific and technical personnel at both entry and advanced levels." We concur with this statement which is substantiated by the 1979 PATC survey. (C)

6. The IG mentions an inability to obtain a sufficient number of system programmers and notes that only 74% of ODP's 38 system programmer positions are filled. The only recommendation made by the IG in this section of the report is "greater discretion in the use of appointment and salaries." We believe an alternative or an additional recommendation should be considered, that is, develop a greater number of systems programmers internally by hiring at the entry level as opposed to searching for the journeyman level. (C)

7. We agree with the IG's comments on page 27 concerning mobility and frequent job changes becoming commonplace in the larger society. This has been happening in the computer and engineering fields since 1965-67 in private industry and may represent a "cultural shock" to Agency components accustomed to career commitment. This mobility may have driven salaries higher, but this has been happening for such a long period of time that these increases are now reflected as part of the BLS comparability survey done each year. (U)

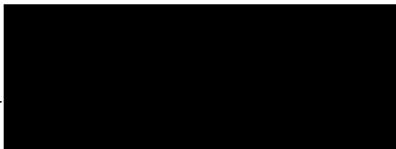
8. We agree that our (and the Federal government) salaries have not kept pace with inflation. However, the President determined that pay for Federal employees would increase at 7% as opposed to 13% which would represent the inflation rate. Is the IG suggesting we ignore the President's policy in order to stay competitive? (C)

9. On Page 29, the IG concludes that the Agency's grade and salary structure needs rethinking because the "requirement to obtain OPPPM approval to hire at advanced steps is cumbersome, time consuming and, at best, a makeshift" solution to the pay problems. As a matter of practicality, it would make more sense to change the procedure or requirement for approval (as recommended by the IG), than to change the Agency's grade and salary structure. It should be noted for the record that the Agency does have special pay rates for some occupations (e.g., engineers, medical officers, clericals in California) where attraction and retention is difficult. Special pay rates authorize starting salaries at the 4th and 5th step of the grade depending on the occupation. (C)

10. On the same page, the IG states, . . . "the Agency is losing secretaries to private industry". We cannot concur with this general statement. The 1979 PATC survey indicates that the average salary in private industry is well below that of secretaries in the Federal government. We do agree however, that stenographers can command premium salaries.

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We find it difficult to agree that "private industry often offers more prestige, more challenging duties . . . and more generous benefits" than the Agency without more data which would support that conclusion. (C)



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